

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

☒ (x) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2002

☐ () TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT COMMISSION OF 1934

for the Transition period December 31, 2002

Commission file number 0-9951

ADVANCED OXYGEN TECHNOLOGIES, INC.

(Exact name of small business issuer as specified in its charter)

Delaware

91-1143622

(State of Incorporation)

(IRS Employer Identification No.)

C/O Crossfield, Inc., 133 W 13th Street, New York, NY 10011

(Address of principal executive offices)

C/O Crossfield, Inc. (212)-727-7085

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filled by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No

The number of shares of common stock outstanding as of December 31, 2002 was 32,973,585.

Transitional Small Business Disclosure Format (check one): Yes() No(X)

ADVANCED OXYGEN TECHNOLOGIES, INC.

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PART 1: FINANCIAL INFORMATION

Item I: Financial Statements for the three months ending December 31, 2002. (Un-audited)

<u>Balance Sheet, December 31, 2002</u>	<u>3 Months</u>
Receivables	6,529
Total Current Assets	6,529
Property and equipment	
Fixed Assets	911,391
Accumulated Depreciation	(911,391)
Total Property - Equipment	(0)
Other Assets, Deposits	0
Total Assets	6,529
<i>Liabilities and Capital</i>	
Accounts Payable	223,584
Other Current Liabilities	42,599
Total Current Liabilities	266,184
Note Payable, Crossfield	139,627
Note Payable, Director	5,456
Total Long Term Liabilities	145,083
Total Liabilities	411,267
Capital	
Beginning Balance Equity	16,700
Preferred Stock	50
Common Stock	329,736
Paid in Capital	20,490,298
Retained Earnings	(21,220,715)
Treasury Stock	(7,284)
Net Income	(13,522)
Total Capital	(404,737)
Total Liabilities and Capital	6,529

Income Statement for the three month period ending December 31, 2002	3 Months
Revenues	
Database Management	0
Total Revenues	0
Cost of Sales	0
Gross Profit	0
Expenses	
Airline Expense	588
Auto	805
Car Rental	93
Employee Benefits	37
Hotels	139
Travel- Meals and entertainment	373
Office Expense	2,720
Postage	442
Telephone	1,073
Travel	1,921
Total Expenses	8,191
=====	=====
Net Income	(8,191)

Statement of Cash Flow for the three month period ending December 31, 2002	3 Months
Cash flow from operating activities	
Net Income	(8,191)
Adjustments to reconcile net income to cash provided by operations	
Accounts Payable	(0)
Total Adjustments	(0)
=====	=====
Net Cash provided by operations	(8,191)
Cash Flows from financing	
Proceeds from:	
Note Payable, Crossfield, Inc.	8,191
Other Long Term Liabilities	
Used For:	
Net Cash used in Financing	8,191
=====	=====
Net Increase (decrease) in cash	0

Statement of Changes in Financial Position for the three month period ending December 31, 2002	3 Months
Sources of Working Capital	
--Net Income	(8,191)
Working capital from operations	(8,191)
Other Sources	
--Note Payable, Crossfield, Inc.	8,191
Total Sources	0
Uses of Working Capital	
Total Uses	0
=====	=====
Net change	0
Analysis of components of change	
Increase (decrease) in Current Assets	
(Increase) decrease in Current Liabilities:	
--Accounts Payable	0
Net Change	0

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company maintains a database ("Database") of business contacts that have participated in conference events. The Database was obtained through acquisition and the Company's activities of marketing events and producing CD-ROMS for clients. The Company maintains and updates contact fields on a quarterly basis.

AOXY has a database management contract with Dun and Bradstreet, ("DB") and Walter Karl, Inc., a division of InfoUSA, Inc. ("WK") whereby, Walter Karl, Inc. will broker the Company's Database. Walter Karl's function is to market and rent the data contained in the Database. This is available in one of two formats: on a one time basis, or a 'database' basis whereby the customer will commit to a minimum number of contact names. The majority of the customers using the Database through WK are direct business to business marketers. WK receives a fee for each sale. During the year ending June 30, 2002 Walter Karl was the Company's only source of revenue. During this period, Walter Karl is the Company's only customer.

AOXY has an agreement with Dun and Bradstreet whereby DB will update, correct, append, and offer deletions to the Database. DB will evaluate the Database each time, and has the option to purchase contacts on a case by case as they see fit, in which case AOXY would receive a fee. Correspondingly, should AOXY, rent, sell or otherwise profit from registered DB information, AOXY would pay a fee to DB. To date, AOXY has not sold any registered DB information.

The Company had a location in Santa Clarita, CA for operations. The Company had abandoned this facility and equipment and maintains no staff other than the sole officer of the Company. Currently, the sole officer of the Company allows the Company to maintain its books, records and operations at its office.

The Company continues its efforts to raise capital to support operations and growth, and is actively searching acquisition or merger with another company that would compliment AOXY or increase its earnings potential. During this period, the Company has had discussions with candidates, and has had no success in securing negotiations or a transaction. Further, the Company's financial position makes it difficult for the Company to continue operations. The foregoing raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on the attainment of profitable operations and meeting its obligations on a timely basis, which during this period, the Company has not been able to do.

Acquisition Efforts:

The Company continues its efforts to raise capital to support operations and growth, and is actively searching acquisition or merger with another company that would compliment AOXY or increase its earnings potential. During this period, the Company has been in discussion with Companies looking to be acquired. AOXY has not negotiated any terms

nor proposed any acquisition of any of these companies that has been accepted. In addition, the Company is in discussion with potential lending institutions to assist in financing any proposed acquisition. The Company expects difficulty in financing the growth of the increased business or acquisition and has been concentrating on raising capital and/or obtaining a line of credit.

Historical Operations:

On March 9, 1998, pursuant to an Agreement for Purchase and Sale of Specified Business Assets ("Purchase Agreement"), a Promissory Note ("Note"), and a Security Agreement ("Security Agreement") all dated March 9, 1998, Advanced Oxygen Technologies, Inc. (the "Company") purchased certain tangible and intangible assets (the "Assets") including goodwill and rights under certain contracts, from Integrated Marketing Agency, Inc., a California Corporation ("IMA").

Pursuant to an employment agreement dated March 09, 1998 between the Company and John Teuber ("Employment Agreement"), on September 04, 1998 the Company terminated John Teuber for cause without relinquishing any of its rights or remedies.

Pursuant to the Note, the Purchase Agreement, and the Security Agreement between the Company and ("IMA"), the Company on September 04, 1998 exercised its right of "Set Off" of the Note, as defined therein due to IMA's breach of numerous representations, warranties and covenants contained in the Note and certain ancillary documents. The Company further reserved any and all rights and remedies available to it under the Note, Purchase Agreement and Security Agreement.

The Company entered into a two year employment agreement ("NAG Agreement" as contained in Exhibit I of the registrants SEC Form 10-K for the period ending June 30, 1998) with Nancy Gaylord on March 13, 1998. On September 18, 1998, Nancy Gaylord terminated her employment with the Company. The NAG Agreement had no provision for this termination. The Company entered into a lease agreement as contained in Exhibit I of the registrants SEC Form 10-QSB for the period ending September 30, 1998 with America-United Enterprises Inc. on October 01, 1998 and took possession of 4,700 sf. of premises on November 06, 1998 in Santa Clarita for its CA location. Currently, this is the only California location of the Company.

On December 9, 1998 the company delivered to IMA, "Notification to Indemnifying Party and Demand for Indemnification for \$2,251,266." Pursuant to the Note, the Purchase Agreement, the Security Agreement, and the Employment Agreement (collectively the "Agreements"), the Company demanded that IMA pay \$2,251,266 or defend the Company against the Liabilities (as defined therein) due to, among other things, IMA's breach, representations, warranties, and violation of the Agreements.

On January 29, 1999, pursuant to the Purchase Agreement of 1/28/99, Advanced Oxygen Technologies, Inc. ("AOXY") purchased 1,670,000 shares of convertible preferred stock of Advanced Oxygen Technologies, Inc. ("STOCK") and a \$550,000 promissory note

issued by Advanced Oxygen Technologies, Inc. ("Note") from Integrated Marketing Agency, Inc. ("IMA"). The terms of the Purchase Agreement were: AOXY paid \$15,000 to IMA, assumed a Citicorp Computer Equipment Lease, #010-0031648-001 from IMA, delivered to IMA certain tangible business property (as listed in Exhibit A of the Purchase Agreement), executed a one year \$5,000 promissory note with IMA, and delivered to IMA a Request For Dismissal of case #PS003684 (restraining order) filed in Los Angeles county superior court. IMA sold, transferred, and delivered to AOXY the Stock and the Note. IMA sold, transferred, assigned and delivered the Note and the Stock to AOXY, executed documents with Citicorp Leasing, Inc. to effectuate an express assumption by AOXY of the obligation under lease #010-0031648-001 in the amount of \$44,811.26, executed a UCC2 filing releasing UCC-1 filing #9807560696 filed by IMA on March 13, 1998, and delivered such documents as required. In addition, both IMA and AOXY provided mutual liability releases for the other.

On April 18, 2000, notice was given that the Board of Directors and persons owning 64.7%, or 19,180,500 shares of common stock of Advanced Oxygen Technologies, Inc. have elected to adopt the following proposals: 1. To amend and restate the Company's Restated Articles of Incorporation to increase the Company's authorized Common Shares from 30,000,000 to 90,000,000 shares, 2. The Board of Directors has approved an amendment to the Company's Certificate of Incorporation to change the name of the Company to AOXY, Inc. The Company's current name was adopted in 1985 when the Company was focused on applications of its technology which it has since disposed of or otherwise abandoned. The Board of Directors believes it would be more appropriate for the Company to utilize a corporate name which more accurately describes the current focus of the Company or is not misleading as to the Company's operations. The above amendments to the Certificate of Incorporation will be filed with the Secretary of State of the State of Delaware, and the Name Change will become effective as of 5:00 p.m. Eastern Time, on the date of such filing.

On December 31, 2000, AOXY entered into an agreement with Eastern Star, Ltd, and Baldwin Construction Co (the "Purchasers") whereby the Purchasers will buy three million shares of capital stock of AOXY for one hundred and twenty five thousand dollars pursuant to a purchase agreement ("Purchase Agreement"). The Company has concluded the issuance and delivery of the shares pursuant to the Purchase Agreement. In addition, the Company received a request from Ann Sejerroe for a conversion of her 1 Preferred Share number P 0002 issued April 16, 1998, and in accordance with the restrictions, terms and conditions, as evidenced on the reverse side of the share certificate, the Company issued 333,333 shares bearing a restrictive legend.

On February 14, 2002 the Company gave notice of the change of the Company's location, and location of books and records from Advanced Oxygen Technologies, Inc. 26883 Ruether Avenue, Santa Clarita, CA, 91351 ("CA Location") to Advanced Oxygen Technologies, Inc. c/o Crossfield, Inc. 133 W 13th Street, Suite #5, New York, NY 10011, Telephone (212)-727-7085, Fax (208)-439-5488. This location is co-located with a related business of the president, Robert E. Wolfe.

Forward Looking Statements

Certain statements contained in this report, including statements concerning the Company's future and financing requirements, the Company's ability to obtain market acceptance of its products and the competitive market for sales of small production business' and other statements contained herein regarding matters that are not historical facts, are forward looking statements; actual results may differ materially from those set forth in the forward looking statements, which statements involve risks and uncertainties, including without limitation to those risks and uncertainties set forth in any of the Company's Registration Statement's under the heading "Risk Factors" or any other such heading. In addition, historical performance of the Company should not be considered as an indicator for future performance, and as such, the future performance of the Company may differ significantly from historical performance.

PART II

Item 1: Legal Proceedings

There were no legal proceedings brought against the Company during this period.

Item 6. Exhibits and Reports on Form 8-K

There were no reports on Form 8-K filed during this period.

SIGNATURE

In accordance with the requirements of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 30, 2003

/s/ Robert E. Wolfe /s/

Robert E. Wolfe, Chairman of the Board and
Chief Executive Officer and Principal
Financial Officer